

1988 Banking Expansion Reporter, June 6, 1988

commercial bank		
deposits	13.3%(FL)	0.2%(FL)
Statewide rank	2nd(FL)	--

In this transaction, SunTrust, a multi-state bank holding company with bank subsidiaries in Florida, Georgia, and Tennessee, is acquiring Commercial Bank and two other banks related to Commercial Bank through common ownership: Lynn Haven Commercial Bank and Springfield Commercial Bank. The transaction involved no direct competition. The only matter of concern was a Community Reinvestment Act protest by DISTURBS, which stands for Direct Involvement Savannahians Together Urging Responsive Banking Services.

DISTURBS, representing low-income groups and individuals in Savannah, a subsidiary of SunTrust, had failed to meet the local credit needs of Savannah. Specifically, the allegations were that in Savannah, SunTrust: had failed to ascertain and meet the credit needs of low- and moderate-income neighborhoods and minority residents and had inadequately marketed credit services to them; had conducted inadequate small business lending efforts; had engaged in credit discrimination against women and minorities; and had inconvenient locations and hours of operations in low- and moderate-income neighborhoods.

The Board noted that SunTrust had met with DISTURBS on two occasions about the allegations, and had requested further meetings. The Board then said:

In accordance with the Board's practice and procedure for handling protested applications, the Board reviewed the allegations made by DISTURBS and SunTrust's response. The Board has also considered Savannah Bank's CRA record as detailed in its report of examination, as required by the CRA. In addition, SunTrust has indicated it will take a number of steps to enhance Savannah Bank's CRA performance. Savannah Bank will strengthen and expand consumer compliance by instituting more extensive training and review procedures for responsible personnel. The Bank will also strengthen its program to market credit services to minorities and low- and moderate-income neighborhoods, through meetings with community representatives. Savannah Bank will also enhance its efforts to promote community development for minorities and low- and moderate-income neighborhoods by, among other things, engaging in discussions with representatives from the City of Savannah. SunTrust will file quarterly reports with the Federal Reserve Bank of Atlanta detailing SunTrust's progress in meeting its CRA objectives. Finally, SunTrust has also committed to strengthen consumer compliance in all of its banking subsidiaries.

The Board concluded that convenience and needs considerations were consistent with approval of the application. In doing so, the Board rejected a request by DISTURBS for a hearing, saying that a hearing would serve "no useful purpose."

PNC Financial Corp, Pittsburgh, Pennsylvania, to acquire PNC National Bank of New Jersey, Cherry Hill, New Jersey; Approved April 19, 1988

	PNC Financial
	Corp.
Total deposits	\$ 20.9
	billion

Percent of state's	
commercial bank	
deposits	--
Statewide rank	2nd

1988 Banking Expansion Reporter, June 6, 1988

PNC National Bank of New Jersey, Cherry Hill, is a newly-chartered institution. Consequently, the transaction involved little in the way of competitive difficulties for the Board.

The Board had previously determined that New Jersey has by statute expressly authorized a Pennsylvania bank holding company to acquire a New Jersey bank or bank holding company. Consequently, approval of the proposal was not barred by the Douglas Amendment to the Bank Holding Company Act.

Citizens Financial Group, Inc., Providence, Rhode Island, to acquire Fairhaven Savings Bank, Fairhaven, Massachusetts; Approved May 2, 1988

	Citizens	Fairhaven
Total deposits	\$ 1.6 billion	\$ 175 million
Percent of state's commercial bank deposits	11.2% (RI)	1.0% (-) (MA)
Statewide rank	4th (RI)	93rd (MA)

The Board had long since concluded that a Rhode Island bank holding company may acquire a Massachusetts bank or bank holding company, provided the Massachusetts Board of Bank Incorporation approves the transaction. Accordingly, the Douglas Amendment to the Bank Holding Company Act was not a problem.

Nor were competitive considerations. The banking organizations operate in different markets. Consequently, the Board concluded that there would be no adverse competitive effects.

A problem for the Board was that Fairhaven Savings Bank engages through a subsidiary in real estate investment and development activities authorized by state law. The Competitive Equality Banking Act of 1987 amended the Bank Holding Company Act to provide that "notwithstanding any other provision of [the BHC] Act, any qualified savings bank which is a subsidiary of a bank holding company may engage, directly or through a subsidiary, in any activity in which such savings bank may engage (as a state-chartered savings bank) pursuant to express, incidental or implied powers under any statute or regulation, or under any judicial interpretation of any law, of the State in which such savings bank is located."

This exception applies only to "qualified savings banks." A savings bank loses its qualification if it is controlled by a bank holding company that has less than 70 percent of its assets invested in savings banks.

Despite this explicit statutory language, the Board is not entirely happy with the thought of a bank holding company subsidiary engaging in real estate investment and development activities. In Wake Bancorp, Inc., 73 Fed. Res. Bull. 925 (1987), the Board stated that this provision did not negate the Board's responsibility to evaluate in every case the financial resources of the bank holding company and the bank to be acquired. Moreover, under the International Lending Supervision Act, the Board is responsible for ensuring that bank holding companies and their nonbank subsidiaries maintain adequate levels of capital.

1988 Banking Expansion Reporter, June 6, 1988

The Board stated in Wake that it had serious reservations about such applications and would examine the numerous issues raised in the context of its pending real estate investment and development proposal (52 Fed. Reg. 543 (1987)). The Board also asked for comment on certain measures to ensure that banking organizations and the resources of the federal safety net are appropriately insulated from the risks of real estate development activities. The matters which the Board wished comment included proposals: (1) to determine that a real estate subsidiary of a bank, as well as under certain circumstances a partner or co-venturer of such a subsidiary, would be an "affiliate" of the bank for purposes of § 23A of the Federal Reserve Act, thereby regulating transactions between the bank and its real estate subsidiaries and partners; (2) to impose special capital requirements on bank holding companies and their nonbanking subsidiaries engaged in real estate development activities; and (3) to require, as a matter of safety and soundness and as a condition of approval for bank holding companies to acquire qualified savings banks, that new real estate development investments by such organizations be made by the parent bank holding company or its direct nonbank subsidiaries rather than by the bank or subsidiaries of the bank.

In Wake the Board stated that pending the outcome of the real estate proceeding, applications involving qualified savings banks would be considered on a case-by-case basis. In the instant case, the Board noted Citizens' commitment to comply with the result of the real estate investment and development rulemaking. This commitment eased the Board's concerns enough to permit it to approve the application.

LANGUAGE: ENGLISH

3RD STORY of Level 1 printed in FULL format.

Copyright 1986 American Banker, Inc.
The American Banker

August 18, 1986, Monday

SECTION: AMERICAN BANKER WEEKLY REVIEW; NEWS MONDAY; Pg. 12

LENGTH: 548 words

HEADLINE: Charges of Discrimination Lodged Over Lending Policies;
Chicago Study, Activist Groups Raise Complaints

BYLINE: Jeffrey Marshall

BODY:

Salvos directed at the banking community and its lending policies were fired on several fronts last week.

In Chicago, a study released by the nonprofit Woodstock Institute, which specializes in reinvestment policies that affect neighborhoods, found wide disparities in residential lending by Chicago-area banks and thrifts in the early 1980s.

Blacks and Hispanics in particular were disadvantaged by the lending patterns, the study said.

"Huge inequities in the distribution of housing credit throughout the Chicago area . . . cannot be explained solely by market factors or differences in selling prices," said the study, which examined lending practices from 1980 through 1983.

"Many creditworthy borrowers in black and Hispanic, and even some middle-class white neighborhoods throughout the city, aren't getting loans," said Elspeth Rovere, the president of the institute.

The findings could provide ammunition for community and housing groups in getting residential lending commitments from out-of-state banks that want to acquire banks in Illinois. Under the federal Community Reinvestment Act, banks and savings and loans are required to meet the credit needs of their local communities -- a provision activists have used several times in recent years to press for improved service to poorer areas.

[In Washington, meanwhile, members of Congress joined with representatives of several entrepreneurial groups to charge lenders with continuing discrimination against women and minorities seeking small-business loans.

Support was voiced for a bill that would require creditors automatically to provide small-business borrowers who are denied credit with reasons for the denial. And the National Association of Women Business Owners released a survey, based on 173 of its members, showing that 38% of them had been denied credit within the past five years -- and that 62% of those "believed that discrimination had been involved."

Rep. Fernand J. St Germain, chairman of the House Banking Committee, said, "In this age of complacency, when all too many assume that discrimination is

The American Banker, August 18, 1986

a thing of the past, it is shocking to learn of instances where credit is being denied."

However, Federal Reserve Board Governor Martha Seger opposed the bill, saying that the Fed finds current credit regulations adequate in averting discrimination.

In the West, meanwhile, activists are working to force acquiring banking companies to expand their services to lower-income areas.

Two community groups in Seattle have filed a protest against the Seattle-based Rainier Bancorp. over its proposed acquisition of a small Oregon bank. The groups have asked the Federal Reserve Board for a hearing on the matter, in hopes of getting more favorable treatment from Rainier in their neighborhoods.

And in Phoenix, the Chase Manhattan Corp. agreed to offer low-cost basic banking services to low- and moderate-income people and to offer millions in loans for housing development. A Chase spokesman confirmed that the offer came in response to concerns raised by the Association of Community Organizations for Reform Now, or Acorn, a national group that recently blasted banks' credit policies during a protest at the American Bankers Association headquarters in Washington.

LANGUAGE: ENGLISH